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Project "Paper Clip"

1 DI LD 23 Apr Legal Division concurs in the staff study
1947 and proposed letter directive at GREEN TAB thereof
but makes the following observation:

Removal from Germany of ordinary household and personal effects, excluding foreign exchange assets, items prohibited for security reasons, works of art and cultural objects, is, under the conditions stated therein, authorized by General License No. 1 under MG Laws Nos. 53 and 161 (letter, "License under Military Government Laws Nos. 53 and 161", OMGUS, AG 010.8 (FD), 3 April 1947); consequently, it is suggested that par. 2d of the proposed directive at GREEN TAB recite the authority of this existing general license. In this connection, attention is also invited to the prohibitions contained in British MG Ordinance No. 73, which must be lifted by "license or other authorization" of British Military Government as to specialists departing from the British Zone.

1 Incl: Staff Study

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DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY 368 DATE 7/10/8

REASON FOR EXT. DATE _____

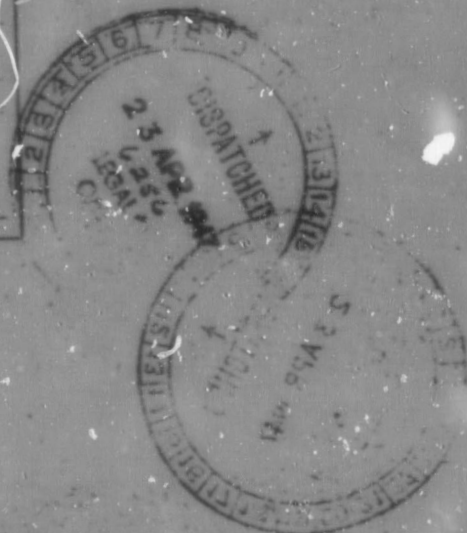
TO AUTH. _____ FEA ON/ST _____

ENDORSE EXISTING MARKING: ☐

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RESTRICTED 001-0225
OFFICE OF MILITARY GOVERNMENT FOR GERMANY (M.G.)
APO 742

FILE NO:

SUBJECT: Project "Paper Clip"

NO. TO FROM DATE (Has this been coordinated with all concerned?)

1 ODI LD 22 Apr 1947 *A.* Legal Division concurs in the staff study and proposed letter directive at GREEN TAB thereof, subject to the following observations and corrections:

a. The persons herein involved are stated to be German and Austrian specialists and their dependents (TAB A) who have been or will be voluntarily transferred to the United States or the United Kingdom and its dominions (GREEN TAB). Consequently, under Article I, par. 1, of MG Law No. 52, the property they leave behind is, or will be, the property of "Germans outside of Germany" (f) or of nationals or residents of a territory occupied by Germany since 1 September 1939 (b). They are not "other persons specified by Military Government" (g); consequently, the license or other authorization to be issued applies to the blocked property of persons defined in par. 1(f) and (b) of Article I, not to the property of "other persons" as defined in par. 1(g) thereof, and the proposed directive at GREEN TAB should so state.

b. The license or other authorization moreover is not issued under Article I of MG Law No. 52, which contains no unblocking provisions whatsoever, but under Article II thereof, which specifically permits the release of property blocked under Article I. The proposed directive therefore should recite this fact and not state that it is issued under Article I.

c. There are not, as stated in the carrier sheet of Finance Division, par. 2 (TAB D), any "funds" of these persons that are blocked under any other provisions of MG Law No. 52 beyond the blocking provisions of Article I above referred to, and the remaining Articles (III to IX inclusive) do not define any other funds that are subject to property control. Article II, par. 3(d), does, in addition, block works of art or cultural materials owned by these persons, which may be removed only on special authorization as hereinafter noted.

d. While the customary procedure is the issuance of a license under MG Law No. 52 (seven licenses have now been published and an eighth is pending), the letter directive proposed at GREEN TAB would come within the definition of other authorization provided for in Article II of this law. Consequently, this form is permissible and probably preferable since the authorization runs only to a limited group of persons and is for a special purpose.

e. Article I, par. 1, of MG Law No. 53 prohibits transactions by persons without Germany concerning their

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property within Germany "except as duly licensed by or on instructions of Military Government". It is doubtful whether the proposed letter directive at GREEN TAB constitutes the "license" required by this law, although it undoubtedly does constitute an instruction of Military Government pursuant to which the Land Office of Military Government could issue the required license.

f. Removal from Germany of ordinary household and personal effects, excluding foreign exchange assets, items prohibited for security reasons, works of art and cultural objects, has previously been authorized by General License No. 1 under MG Laws Nos. 53 and 161 (letter, "License under Military Government Laws Nos. 53 and 161", AG O10.6 (FD), OMGUS, 3 April 1947); consequently, par. 2d of the proposed directive at GREEN TAB should be amended to recite the authority of this existing general license. The directive in its present form is insufficient on its face since it contains no reference whatsoever to the additional prohibitions against removal of property from Germany set forth in MG Law No. 161. In this connection, attention is also invited to like prohibitions contained in British MG Ord. No. 73, which must be lifted by "license or other authorization" of British Military Government as to specialists departing from the British Zone.

g. It should also be noted that General License No. 1 above referred to provides further that works of art and cultural objects of value and importance may be exported upon the individual authorization of OMGUS in specific cases (in the absence of any delegation of authority by OMGUS to the Land Offices of Military Government). While there may be few instances where this question would arise in connection with the pending project, it may be desirable to direct attention of the Land Military Government Offices to the foregoing in the letter directive proposed at GREEN TAB.

1 Incl: Staff Study

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It is suggested that

- 2 -
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